



TOWN OF MILTON, VERMONT 05468-3205

Town Manager's Office • 43 Bombardier Road • 802-893-6655 • FAX: 893-1005
E-Mail: bpalaia@town.milton.vt.us Town of Milton Web Site: www.milton.govoffice2.com

Financial Management Plan for Fiscal Year 2015 – Selectboard's Proposal *Executive Summary – February 3, 2014*

Dear Milton Residents and Taxpayers:

As called for in the Municipal Charter and State Law the Selectboard has finalized a budget and warned for decision by the voters on Town Meeting Day. The proposed budget for FY 2015 is \$7,260,341. This amount includes estimated collections for the Road Restoration and Sidewalk Repair Fund, Fire and Rescue Reserve, and the ½ Cent Recreation Tax. When you take the approved budget amount for FY 2014 and adjust it to include an estimate for the ½ cent Recreation Tax approved by voters at the 2013 Town Meeting you get a total budget amount of \$7,000,282 (this amount could very slightly based on actual tax billings for FY 2014). This is a proposed budget increase of \$260,059, or 4.6%, from the FY 2014 budget.

The proposed tax rate increase is 3.5%. To balance with the proposed General Fund Budget, the tax rate would have to increase by .0161 to produce an approximately \$171,000 in revenue for a total tax levy of \$5,144,076. Based on the most typical residential assessment, the annual impact of this increase would be \$40.25 or \$16.10 for every \$100,000 of assessed value. The Selectboard presented a draft of its budget January 18th to the public for input and finalized these amounts by unanimous vote at their regular meeting on January 20th, 2014.

Next fiscal year Water Fund expenses are estimated to be \$915,151, an increase of \$50,518 over this fiscal year's estimated expenses. The three most significant factors that drive this increase are: 1) building in the debt service payment for Bombardier Water Line at a cost of \$23,047; 2) building in the debt service payment for Contract 16 improvements at a cost of \$41,625; and 3) a 4% increase in wholesale water rates from Champlain Water District – the Water Fund's single largest annual expense – along with a projected 2% increase in usage. Further aggravating the Fund's revenues is the completion of the annual \$40,000 assessment from the Flanders development, which now equates to a \$40,000 revenue loss. A 5% base rate and usage rate increase will be needed to support these costs.

A typical water user would experience the following rate changes compared with FY 2014.

- Quarterly base charges would increase from \$24.52 to \$25.74. The metered rate per 1000 gallons would increase from \$3.27 to \$3.43.
- The annual cost to a typical household would increase \$16.36 from \$327.35 to \$343.71.

The Wastewater Fund's operational expenditures are proposed to increase from an estimated \$948,535 (not including capital for FY14) to \$1,200,644. This is a \$252,109 increase largely due to building in the debt service payment for the Village Core project. Wastewater rent growth is expected to increase by 4.5%, and a 3% rent increase is proposed. No capital projects are proposed this year, and there is no proposed use of fund balance as a subsidy or as a one-time use for a capital expense. However, the sewer fund balance will be used to meet the requirements of Act 80. These will be inter-fund payments to the TIF Fund. Since this will deplete our Fund Balance over the next few years, it is important to continue to pass on the increased cost in operations to the ratepayers – otherwise the Wastewater Fund will become as financially stressed as the Water Fund has become over the past decade.

A typical wastewater user would experience the following rate changes compared with FY 2014:

- Quarterly base charges would increase from \$39.70 to \$40.90 and the metered rate would increase from \$4.09 per 1000 gallons to \$4.20.
- The annual cost to a typical household would increase \$12.60, from \$419.50 to 432.10.

The Selectboard will present this budget at Pre-Town Meeting on March 3, 2014 at the High School Auditorium at 6 p.m. Voting on the budget will occur from 7 am to 7 pm on March 4th at the Municipal Building. If you wish to register to vote you may vote come to the Town Clerk's office prior to Town Meeting Day and register. If you cannot travel from your home and wish to register or vote please contact the Town Clerk's Office for a registration form and/or ballot. The Town Clerk's number is 893-4111.

Acknowledgements: Selectboard thanks he many fine Town employees for the job they do serving the people of Milton. To all my Department and Division Heads and Administrative staff, thank you. Last, but not least, the selfless efforts of our dedicated volunteers in the Fire and Rescue Departments help make Milton a special and safer place.

Respectfully submitted,

Selectboard Members
Darren Adams, Chair,
John Gifford, Vice Chair
Louis Mossey III
John Bartlett